

AMENDED IN SENATE JUNE 2, 2003

AMENDED IN SENATE APRIL 30, 2003

**SENATE BILL**

**No. 996**

**Introduced by Senator Alarcon**

February 21, 2003

An act to add Section 157 to the Labor Code, relating to employment.

LEGISLATIVE COUNSEL'S DIGEST

SB 996, as amended, Alarcon. Living wage.

Under existing law, the Industrial Welfare Commission establishes minimum wage requirements and its Division of Labor Statistics and Research compiles research relating to the condition of labor in the state.

This bill would ~~require the division to provide that it is the Legislature's intent that when funds become available, the division would~~ annually update its 2002 study titled "Living Wages: The Issues and the Impact," with certain requirements.

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~ no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares as follows:
- 2 (a) The minimum wage has failed to keep pace with inflation,
- 3 providing for less economic power than it did in the 1960's.
- 4 (b) Certain economic realities exist, such as the growing
- 5 income gap between the rich and the poor, substantial cuts in



1 welfare and other aid programs, and the growth of service sector  
2 jobs where low wages are concentrated.

3 (c) The underpayment of workers has a negative impact on  
4 work product, which promotes high turnover, absenteeism, and  
5 lackluster performance.

6 (d) Workers who earn low wages tend to rely heavily on state  
7 assistance, to the detriment of state coffers, and to the benefit of  
8 employers who are not obligated to pay workers enough to support  
9 their families.

10 (e) Studies on existing living wage ordinances have found early  
11 evidence that relatively little of the extra cost in labor has been  
12 passed on to consumers or the cities with whom they contract.

13 (f) Local governments throughout the state have adopted living  
14 wage ordinances including the Counties of Santa Clara and Los  
15 Angeles, and the Cities of San Jose, Oakland, Hayward, and Los  
16 Angeles.

17 (g) Many private businesses who hold service contracts with  
18 the state or local governments benefit from substantial financial  
19 assistance in the form of grants, loans, bond financing, tax  
20 abatements, or other economic development subsidies.

21 (h) The state should promote an employment environment  
22 where wages are adequate to avoid the need for social services to  
23 be provided by the state.

24 (i) It is in the public interest to ensure that private businesses  
25 that benefit from public money pay their workers a living wage.

26 SEC. 2. Section 157 is added to the Labor Code, to read:

27 157. ~~The~~ *It is the intent of the Legislature that the* Division of  
28 Labor Statistics and Research shall annually update its 2002 study  
29 titled “Living Wages: The Issues and the Impact.” The annual  
30 update shall *only be undertaken when funds become available, and*  
31 *shall* accomplish all of the following:

32 (a) Seek to define the term “living wage” on a statewide and  
33 local basis.

34 (b) Examine the experience of states and localities that have  
35 adopted living wage mandates.

36 (c) Investigate the potential economic impact of a statewide  
37 living wage mandate on employees, employers, contractors, and  
38 the government.

39 (d) Investigate the potential economic impact of a statewide  
40 living wage mandate on local government, especially analyzing

- 1 the fiscal impact on government of the costs of medical care for the
- 2 uninsured, and whether mandated health insurance for employees
- 3 of service contractor businesses reduces costs.

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